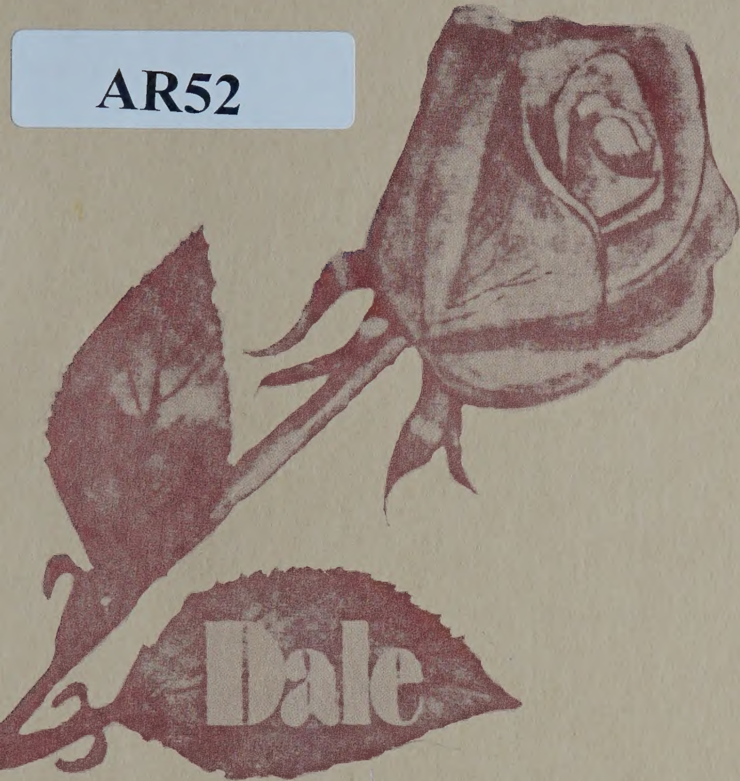

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Dale

CALVERT-DALE ESTATES LIMITED

1975

ANNUAL REPORT

CALVERT-DALE ESTATES LIMITED

FINANCIAL STATEMENTS

JUNE 28, 1975

Dale

CALVERT DALE ESTATES LIMITED

12 Vodden St., Brampton, Ontario, Canada

(416) 459-8111 L6V 1M3

November 14, 1975.

Dear Shareholder:

This has been a distressing year for your company. Major reasons for the loss during the year were escalating costs of fuel oil and labour, and our company's dependence upon both these resources is intensive. As well, during the year we phased out approximately 100,000 square feet of rose-producing greenhouses because they were old and uneconomical to continue to operate. A large portion of the company's overhead is fixed cost, and reduced production must result in reduced profitability.

As a direct result of increases in the cost of fuel oil and labour in 1975, and no relief in the foreseeable future, the company decided to phase out and close down the major portion of its greenhouses, and is now in the process of phasing them out. In this regard, a provision of $273,000 has been included in the attached statements to reduce to estimated salvage value the greenhouse assets being phased out. The company will continue to grow roses at the range known as Calvert Plant no. 1, a greenhouse area of 100,000 square feet which has its own heating plant.

The appropriate eight weeks' notice has been given terminating the employment of the employees affected. The termination of such a substantial number of persons, many of whom have been with us for many years, has caused the management of your company much concern. However, it is necessary to do so, not only in the interests of the company and its hundreds of shareholders, but also in the interests of the remaining employees whose continued employment management is earnestly striving to protect.

The company's reduced production of fresh flowers will be supplemented by additional purchases from outside sources. There will be no change in the operations of the florists' supply division.

We recognize the dedicated efforts of our management team and all employees during the past year.

Sincerely yours,

On behalf of the Board of Directors

Roy A. Nicholson

Roy A. Nicholson, President.

Clarkson, Gordon & Co.
Chartered Accountants
Royal Trust Tower
P.O. Box 251, Toronto-Dominion Centre
Toronto, Canada, M5K 1J7

St. John's Halifax Saint John Quebec Montreal
Ottawa Toronto Hamilton Kitchener London
Windsor Thunder Bay Winnipeg Regina Calgary
Edmonton Vancouver Victoria

Arthur Young, Clarkson, Gordon & Co.
United States—Brazil

Telephone 864-1234 (Area Code 416)

AUDITORS' REPORT

To the Shareholders of
Calvert-Dale Estates Limited:

We have examined the balance sheet of Calvert-Dale Estates Limited as at June 28, 1975 and the statements of income, deficit and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at June 28, 1975 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.
Chartered Accountants

Toronto, Canada,
October 22, 1975.

Dale

CALVERT - DALE ESTATES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet
June 28, 1975

ASSETS

	1975	1974
Current:		
Cash	$ 2,965	$ 2,865
Accounts receivable (note 3(b))	1,036,558	1,043,432
Inventories (note 1)	1,124,494	1,113,527
Prepaid expenses	36,545	36,653
	2,200,562	2,196,477
Fixed, at cost (notes 1, 2 and 9):		
Land	27,678	27,678
Buildings and leasehold improvements	1,384,420	1,333,200
Machinery, trucks and equipment	535,868	534,816
	1,947,966	1,895,694
Less accumulated depreciation and provision for losses	1,345,250	1,013,455
	602,716	882,239
Land held subject to agreement of sale and options	736,648	734,946
	1,339,364	1,617,185
Other:		
Sundry assets (note 2)	29,435	30,066
Growing crops, patents and trade-marks	1	1
	29,436	30,067
	$3,569,362	$3,843,729

On behalf of the Board:

Roy A. Nicholson Director

Wallace R. Pearson Jr. Director

LIABILITIES

	1975	1974
Current:		
Bank indebtedness (note 3(b))	$1,161,762	$ 906,393
Accounts payable and accrued charges	675,756	689,525
Sales and other taxes payable	40,471	41,350
Long term debt payments due within one year (note 3)	20,868	70,788
	1,898,857	1,708,056
Deposits received on land held subject to agreement of sale (note 2)	460,000	340,000
Long term debt (note 3)	730,767	799,635

SHAREHOLDERS' EQUITY

	1975	1974
Share capital (note 4):		
Authorized -		
2,000,000 common shares without par value		
Issued -		
1,076,006 shares (1974 - 1,020,134 shares)	1,598,749	1,550,750
Contributed surplus	7,500	7,500
	1,606,249	1,558,250
Deficit	1,126,511	562,212
	479,738	996,038
	$3,569,362	$3,843,729

(See accompanying notes)

Dale

CALVERT - DALE ESTATES LIMITED

Statement of Income

FOR THE YEAR ENDED JUNE 28, 1975

	1975	1974
Sales	$8,351,245	$8,565,717
Income before the following items	$ 36,474	$ 508,098
Interest earned	32,011	25,164
	68,485	533,262
Depreciation and loss of $7,750 ($27,661 in 1974) on disposal of fixed assets	143,261	154,761
Interest on long term debt	80,543	85,576
Other interest	135,980	113,188
	359,784	353,525
Loss (income) before income taxes and extraordinary items	291,299	(179,737)
Income taxes		91,000
Loss (income) before extraordinary items	291,299	(88,737)
Extraordinary items:		
Provision for losses on reduction in scale of flower growing operations (note 9)	273,000	
Recovery of income taxes		(91,000)
Loss (income) for the year (note 6)	$ 564,299	$ (179,737)

Statement of Deficit

FOR THE YEAR ENDED JUNE 28, 1975

	1975	1974
Deficit, beginning of year	$ 562,212	$ 741,949
Loss (income) for the year	564,299	(179,737)
Deficit, end of year	$1,126,511	$ 562,212

(See accompanying notes)

Dale

CALVERT - DALE ESTATES LIMITED

Statement of Changes in Financial Position

FOR THE YEAR ENDED JUNE 28, 1975

	1975	1974
Cash generated:		
From operations -		
Income for the year		$ 179,737
Depreciation and other charges not requiring an outlay of cash		202,130
		381,867
Decrease (increase) in accounts receivable	$ 7,947	(226,923)
	7,947	154,944
From other sources -		
Deposits on property held subject to agreement of sale	120,000	230,000
Reduction in mortgages receivable		137,075
Increase (decrease) in bank indebtedness	255,369	(164,537)
Conversion of debt into share capital	48,000	7,000
	$431,316	$ 364,482
Cash absorbed, invested and repaid:		
In operations -		
Loss for the year before extraordinary item	$291,299	
Depreciation and other charges not requiring an outlay of cash	151,851	
	139,448	
Decrease (increase) in accounts and taxes payable	14,648	$(177,057)
Increase in inventories	10,967	247,714
Increase (decrease) in prepaid expenses and other assets	9,025	(6,118)
	174,088	64,539
Purchases of fixed assets (net)	138,440	87,776
Reduction in mortgage principal	50,788	185,167
Conversions of 10% subordinated sinking fund debentures	40,000	
Conversions of 10% subordinated debentures	8,000	7,000
Reduction in 7½% sinking fund debenture	20,000	20,000
	$431,316	$ 364,482

(See accompanying notes)

CALVERT - DALE ESTATES LIMITED

Notes to Financial Statements

FOR THE YEAR ENDED JUNE 28, 1975

1. Accounting policies

The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

(a) Inventories -

Inventories comprised of resale merchandise and production supplies are valued at the lower of cost (determined on a first-in, first-out basis) and net realizable value.

(b) Fixed assets and depreciation -

Rates and bases of depreciation applied by the company to write off the costs of fixed assets over their estimated useful lives are as follows (see also note 9):

	Annual rate	Basis
Masonry buildings	5%	Diminishing balance
Other buildings	10%	Diminishing balance
Machinery and equipment	20-25%	Diminishing balance
Leasehold improvements	10%	Straight line
Vehicles	30%	Straight line

Property held subject to options at June 29, 1974 has been reclassified to conform with the presentation adopted in 1975.

(c) Land -

Costs aggregating $95,998 incurred to June 28, 1975 with respect to realization of the company's surplus land have been deferred and are included in the cost of the land.

The company's policy is to defer gains on land sale agreements until all material conditions attaching to the agreements have been satisfied.

2. <u>Fixed assets</u>

The company's review of the status of its properties has shown that certain land is surplus to its needs, and that most of its remaining land will also become surplus. As a result, the company has taken the actions described below:

(a) In May, 1973, the company entered into an agreement to sell to Stradron Developments Limited, a corporation in which certain of the directors of the company hold a 50% equity interest, approximately 8½ acres of land, provided building permits could be obtained and certain other conditions met. The sale price of the land (carried on the balance sheet at cost of $146,364) under the agreement is $650,000 of which $460,000 has been received on deposit. No portion of the anticipated gain on the sale is reflected in the financial statements to June 28, 1975.

During the year, the closing date of the sale was extended by amending agreement to the later of December 31, 1975 or 10 days after building permits are available. The agreement further provides that if building permits are not available by December 1, 1975, the agreement may be cancelled by either party in which event the deposit, together with certain costs incurred by Stradron, would become repayable without interest.

Subsequent to June 28, 1975, the company and Stradron agreed that neither will exercise any right of cancellation prior to December 31, 1976.

(b) On completion of the above-mentioned sale and as a condition thereof, the company will grant Calron Developments Limited an option to purchase most of the company's remaining land (approximately 115 acres), according to a schedule to be provided by the company and extending over a period not to exceed 15 years.

The price to be paid under the amended agreement for the first parcel under option (approximately 10 acres with option to be exercised by July 2, 1976) is $764,700. The price for each other parcel will be the prevailing market price (as defined) at the time the option thereon is exercised. The option on each parcel is to be exercised not more than 12 months after building permits have been received for that part of the property last purchased.

Calvert-Dale Estates Limited and Ronyx Corporation Limited each owns 50% of the issued shares of Calron Developments Limited, and each has agreed to provide 50% of the financing required by Calron either in cash or by guaranteeing debt of Calron. The company's investment in Calron, a financially inactive company to June 28, 1975, is included in sundry assets.

(c) In connection with the aforementioned agreement, the company is committed to pay fees of 1 1/2% of the sale price of the land.

3. Long term debt and bank indebtedness

	1975	1974
Mortgages:		
10% due December 15, 1976	$ 17,548	$ 18,336
6% due January 1, 1975		50,000
Convertible debentures (a):		
10% subordinated debentures due December 1, 1976	150,000	158,000
7½% sinking fund debentures due December 15, 1976 with sinking fund instalment of $20,000 due December 15, 1975	74,087	94,087
10% subordinated sinking fund debentures due October 1, 1979, annual sinking fund instalment of $37,500 (October 1, 1975 instalment met - see (iii) below)	260,000	300,000
Bank loan (b)	250,000	250,000
	751,635	870,423
Less amounts due within one year, included with current liabilities	20,868	70,788
	$730,767	$799,635

Principal payments due in each of the next five fiscal years are estimated as follows: 1976 - $20,900; 1977 - $508,300; 1978 - $37,500; 1979 - $37,500; 1980 - $112,500.

(a) Debentures -

(i) The 10% subordinated debentures due December 1, 1976 may be called for redemption at a premium of 2% until November 30, 1975 and thereafter at a premium of 1% until November 29, 1976 after which date they are redeemable at the principal amount. These debentures are convertible at the holder's option into common shares of the company at $0.70 per share until November 30, 1976.

(ii) The 7¼% sinking fund debentures, which are secured by charges against the company's real property, may be called for redemption at a premium of ½ of 1% until December 15, 1975, after which date they are redeemable at the principal amount. These debentures are convertible at the holder's option into common shares of the company at $4.78 per share until December 14, 1976.

(iii) The 10% subordinated sinking fund debentures due October 1, 1979 may be called for redemption at a premium of 5% until September 30, 1975 and thereafter at premiums declining annually by 1% until September 29, 1979 after which date they are redeemable at the principal amount. These debentures are convertible at the holder's option into common shares of the company at $0.90 per share until September 30, 1979.

Subsequent to the year-end, $35,000 of these debentures were converted to 38,888 common shares of the company. The company elected to apply $37,500 in satisfaction of the annual sinking fund payment required to be made on October 1, 1975, consisting of this $35,000 plus a sinking fund credit of $2,500 from the previous year.

The conversion rates of all the debentures described above are subject to change on stipulated anniversary dates should additional shares of the company be issued.

(b) Bank loan and current bank indebtedness -

The bank loan of $250,000 and current bank indebtedness of $1,161,762 are secured by a general assignment of book debts, crops pledged under Section 88 of the Bank Act, a floating charge debenture and a subordinated collateral mortgage on the company's real estate. In addition, the bank holds a mortgage bond for $250,000 that has been hypothecated with it as collateral security for the bank loan. Under certain circumstances the bank has the right to require repayment of this loan in advance of the July 5, 1976 due date.

4. Share capital

During the year, $40,000 of the 10% subordinated sinking fund debentures due October 1, 1979 were converted into 44,444 common shares of the company at $0.90 per share and $8,000 of the 10% subordinated debentures due December 1, 1976 were converted into 11,428 common shares at $0.70 per share.

After giving effect to the conversions of debentures subsequent to the year-end referred to in note 3(a), 479,786 of the company's authorized but unissued common shares are reserved for the possible conversion of the remaining debentures.

5. Income taxes

Losses aggregating $148,000 (all of which expire in 1980) and depreciation charges of approximately $1,090,000 recorded in the company's accounts but not claimed for tax purposes are available to reduce taxable income of future years.

6. Earnings per share

	1975		1974	
	Loss before extraordinary item	Loss for year	Income before extraordinary item	Income for year
Earnings (loss) per share	$(0.27)	$(0.53)	$0.09	$0.18
Fully diluted earnings per share			$0.07	$0.13

Fully diluted earnings per share have not been shown for 1975 as the conversion of outstanding debentures would have no dilutive effect.

7. Lease commitments

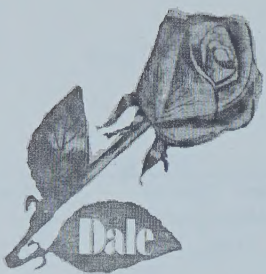
Under contractual obligations with respect to leased premises, the company is committed to aggregate annual rentals of approximately $120,000 to 1977; reducing to $90,000 to 1979 and $80,000 to 1986.

8. Remuneration of directors and senior officers

Remuneration of directors and senior officers (as defined under The Business Corporations Act, 1970) amounted to $127,639 in the year, including $1,275 paid as directors' fees.

9. Reduction in scale of flower growing operations

As a result of increases in the cost of fuel oil and labour in 1975, the company has concluded that it is uneconomic to continue flower growing in the majority of greenhouses and is in the process of phasing out operations in these growing ranges; accordingly, a provision of $273,000 has been made as an extraordinary charge in the statement of income to reduce to estimated salvage value the greenhouse assets expected to be phased out.



Dale

CALVERT - DALE ESTATES LIMITED

BOARD OF DIRECTORS

W. J. (Bill) Corrigan, Jr., Perishables Division Manager of the Company

G. W. E. (Bud) Gordon, President of Halliday Homes Limited

Jack B. Kaufman, President of A. L. Randall Company

*Roy A. Nicholson, President of the Company

*Wallace R. Pierson, Jr., Consultant, Vice-President and General Manager of the Company

*John C. Stradwick, Sr., President of Stradwick Investments Limited

*John C. Stradwick, Jr., President of Simcoe-Bay Group of Companies

*Arthur H. Zaldin, Q.C., Senior member of the legal firm of Zaldin and Fine, Secretary of the Company

* Members of the Executive Committee

OTHER SENIOR OFFICERS AND MANAGERS

Jose C. Borges, Office Manager, Brampton

Barry Brundige, Manager, Ottawa Branch

Leon E. Cowtan, Assistant Manager, Florist Supply Division

Kenneth Letton, Manager, Retail Division

Manfred G. Mewes, Manager, Greenhouse Production

Clarence H. Potter, Office Manager, Montreal Branch

George D. Stephens, C.A., Treasurer and Assistant General Manager

W. R. (Bill) Waters, Manager, Florist Supply Division

Russell Wilkins, Manager, Montreal Branch

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AUDITORS: Clarkson, Gordon & Co., Toronto

LEGAL COUNSEL: Zaldin and Fine

BANKER: The Toronto-Dominion Bank

REGISTRAR AND TRANSFER AGENT:
Canada Permanent Trust Co., Toronto

LISTED on the Toronto Stock Exchange